

CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board

Wednesday, February 12, 2014
11:00 a.m.

915 Capitol Mall, Room 587
Sacramento, California 95814

Deputy State Treasurer Michael Paparian, serving as Chair, called the meeting to order.

Roll Call

Members Present: Michael Paparian, designee for Bill Lockyer, State Treasurer
Kathleen Moore, designee for Tom Torlakson, Superintendent of Public
Instruction
Eraina Ortega, designee for Michael Cohen, Director of Finance

Staff Present: Katrina Johantgen, Executive Director
Terri Kizer, Program Analyst
Kristen Schunk, Program Analyst

The Chair declared a quorum present.

Approval of Minutes

The minutes for the January 8, 2014 Authority board meeting were approved as submitted.

Executive Director's Report

Charter School Facility Grant Program: Ms. Johantgen advised that staff is getting ready to send out the March (second) apportionment disbursements under the Charter School Facility Grant Program. CSFA staff is working on collecting data to determine if updated cost information is needed for the March apportionment. For the majority of the March apportionments, staff has the 13-14 costs on file. Additionally, CSFA still has 50 to 60 apportionments to disburse under the True-Up work transferred from CDE. Staff is hoping to finalize these apportionments within the next couple of weeks. Lastly, CSFA is working with the California Charter School Association on legislative changes to the program to possibly expand program eligibility and increase the amount of funding to charter schools.

Charter School Revolving Loan Fund Program: Ms. Johantgen stated that the board adopted regulations last month, and these regulations are with OAL. Ms. Johantgen advised the members that the application period is currently open and that FAQs will be posted today on CSFA's website. CSFA expects many general questions can be answered through the FAQs as opposed to conducting a webinar. Ms. Johantgen anticipates coming before the Board in May to make loan approvals and get funds out to the schools before the end of the fiscal year.

Lastly, Ms. Johantgen stated that the offset (loan repayment) process is going smoothly. CSFA currently has 172 schools in the program repaying 191 loans.

Conduit Bond Program: Ms. Johantgen mentioned that one financing, Academia Moderna, will be presented at today's meeting. Ms. Johantgen anticipates bringing a note financing back to the board in March or April. In addition, Ms. Johantgen informed the members that CSFA will be bring a QZAB, Qualified Zone Academy Bond, in March. The QZAB is similar to the QSCBs that were utilized in the past.

State Charter School Facilities Program: Ms. Johantgen reported that members of CSFA staff are working at an informational outreach workshop in Los Angeles today. CSFA is participating in conjunction with CDE and OPSC in a series of informational outreach workshops throughout the state. There will be approximately \$90 million in funding available when the application period opens.

State Charter School Facilities Incentive Grants Program: Ms. Johantgen informed the members that the Round 10 application period is open and that applications are due on the Monday, March 3, 2014 at 5 PM. It was thought that Round 10 would be the last funding round, however, the United States Department of Education will be opening an additional round, hence, CSFA will be applying on behalf of the State of California.

Charter School Facilities Credit Enhancement Grant Program: Ms. Johantgen informed the members that all funding has been exhausted. CSFA will be pricing a PUC deal within the next 2 weeks and the \$1.5 million is dedicated to the financing. CSFA is actively applying for another grant under this program and the application is due March 3, 2014.

Administrative and Legislative Update: Ms. Johantgen advised the members that CSFA is looking at some technical changes to the CSFA Act related to bond transactions.

Resolution No. 14-02 – Authorizing the Issuance of Bonds in an Amount Not to Exceed \$7,500,000* to Finance the Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing, and Equipping of Educational Facilities Located in Los Angeles County, California

Ms. Johantgen advised the members and explained this to be a straight forward conduit bond financing and the Project to be financed with proceeds of the Bonds is the acquisition and renovation of educational facilities located at 2410 Broadway, Huntington Park, California, which constitutes the existing campus of Academia Moderna. Academia Moderna already operates at the Facility. In connection with the issuance of the Bonds, the Borrower will acquire the fee simple title from the current owner. The renovations, which are expected to be completed by August 2014, will double this capacity by adding a second story to the existing structure.

The Authority proposes to issue its School Facility Revenue Bonds (Alta Public Schools Project), Series 2014A and Series 2014B (Taxable) in an amount not-to-exceed \$7,500,000. The proceeds of the Bonds shall be used to finance the costs of the acquisition and renovation of the charter school facilities. The Authority will loan the proceeds of the Bonds to the Borrower. Interest on the Bonds is expected to be payable semi-annually on the first day of each March and September commencing September 1, 2014.

The Bonds will be payable through an intercept pursuant to California Education Code Section 17199.4(a) of funds allocated to the Charter School and a pledge of the gross

revenues of the Borrower. In addition, the property will be subject to a deed of trust to secure the Bonds. No other revenues, nor any interest in separate facilities, will be used to support the Bonds. Staff recommends CSFA approve Resolution Number 14-02 in an amount not to exceed \$7,500,000 for AMPT LLC.

It was moved, seconded, and passed unanimously to adopt Resolution No. 14-02, authorizing the issuance of bonds in an amount not to exceed \$7,500,000* to finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and equipping of educational facilities located in Los Angeles County, California

Other Business: Long time CSFA employee, Terri Kizer, was presented with a Resolution signed by Honorable State Treasurer Bill Lockyer. Ms. Johantgen and the board members thanked Ms. Kizer for her dedication to CSFA and California's charter school community.

Michael Paparian introduced Ms. Mercedes Flores, Director of Legislative Affairs who is new to the California Charter School Association.

There being no additional public comments or other business to conduct the meeting was adjourned.

Respectfully submitted,

Katrina Johantgen
Executive Director